AUGUST 12, 1963

THE UNIVERSITY OF MICHIGAN
AUG 29 1963
PERIODICAL
READING ROOM

SPAIN'S AGRICULTURE

REPORT FROM URUGUAY

NEW FARM COMMUNITY FOR DISPLACED SUDANESE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

AUGUST 12, 1963

VOLUME 1 • NUMBER 32

This new oil-processing plant set in the middle of the olive groves which long have provided one of Spain's principal crops, is typical of the modernization the country hopes will make its agriculture more competitive.

Contents

3 Spain's Agriculture Gears for Growth

6 Sudan's New Frontier for Displaced Farmers

8 Report From Latin America: Uruguay

9 Market Development

- USDA Hearings in October To Consider Official U.S. Wheat Standard Changes
- Better Grain Certificates
- "Poeten" Have Potential as Market for Cotton
- Soybean Council Exhibits at Izmir Int'l Trade Fair

10 EEC Countries Set Grain Target Prices

10 Denmark Sets Farm Subsidy Rates

11 World Crops and Markets (Commodity index on page 16)

Orville L. Freeman, Secretary of Agriculture

Roland R. Renne, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editor:** Ruth A. Oviatt

Advisory Board:

W. A. Minor, Chairman; Wilhelm Anderson, Burton A. Baker, Douglas M. Crawford, John H. Dean, F. Leslie Erhardt, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel.

All articles in this magazine may be reproduced freely; none of the material is copyrighted. Mention of **Foreign Agriculture** will be appreciated but is not required.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $5.50, domestic, $8.00, foreign; single copies are 15 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20250.

Around 70 irrigation projects have been built, or [redacted] to help overcome Spain's biggest agricultural problem: lack of enough water.

BY THE UNITED STATES OF AMERICA

By IVY W. DUGGAN
U.S. Agricultural Attaché
Madrid

Spain's Agriculture Gears for Growth

Spurred by the increasing prosperity of Western Europe, Spain is now readying an economic development plan to begin in 1964. Its goal is greater economic parity with its neighbors and membership in the European Economic Community, its biggest market.

This goal remains unchanged—though tempered—by EEC rejection of Spain's traditionally biggest single market, the United Kingdom. The reason is apparent: In 1961, the United Kingdom took $63 million of Spain's agricultural exports; the Common Market countries took $156 million. Spain cannot afford to remain outside the Market.

The new plan is expected to give fresh impetus to the economic growth which began in the early 1950's.

It was not until then that production in many sectors of the economy returned to pre-Civil War levels of the early 1930's. Between 1950 and 1958, Spain achieved an annual increase of the gross national product of about 5 percent. An important factor was large-scale U.S. assistance which between 1954 and 1962 amounted to $788 million for agricultural products alone. Most of this came under P.L. 480, Title I; fats and oils (ended late 1960), cotton, feed grains, tobacco, and wheat were the most important. These represented a large part of total Spanish agricultural imports.

However, accelerated public and private investment—largely in industry—brought about severe inflation and virtual depletion of foreign exchange reserves by mid-1959. The cost of living rose 48 percent between 1954 and 1959.

The Stabilization Plan of 1959 arrested inflation and resulted in a balance of payments now around $1 billion, though it slowed down the economy temporarily. Spain agreed to liberalize import controls in order to obtain aid from Western nations and qualify for admission to the OECD. Since then, approximately 80 percent of the country's imports have been liberalized and no longer require a license, though tariffs remain.

The Stabilization Plan also called for increased investment in agriculture, which brought about an annual 3-per-

Harvesting olives, an important export

cent rate of growth. There are no longer significant shortages of food products, and farm prices have been relatively stable.

The new plan is expected to put even greater emphasis on agriculture which, despite Spain's increased industrialization, still looms large in the country's economy.

Importance of agriculture

Between 50 and 60 percent of Spain's exports are agricultural, as are 30 percent of its imports. Almost half the population is still engaged in agriculture.

Agricultural gains do not come easily in a country where natural conditions are so unfavorable. Much of the land consists of high plateaus divided by barren mountain ranges. Rainfall is largely inadequate and wide variations in temperature exist in most sections of the country. Erosion is often severe. Only some 40 percent of the land area is cultivable.

About two-thirds of the farmland is operated by the farm owner and his family. His income is only two-thirds the national average of $309 a year. Perhaps 1 million farm workers are employed only seasonally, and there is considerable unemployment — despite the shortage of skilled labor which has been attracted to other countries. The new economic development plan is expected to call for the shift of some 340,000 workers from agriculture to industry and services, as farm productivity increases.

Agricultural progress hinges largely upon the success Spain is able to achieve in three areas of development: irrigation, better distribution of land, and a shift in crops to make land use more efficient and keep up with changing demand. In some cases, this latter may call for allowing the import of foodstuffs more economically produced elsewhere.

The shortage and variability of water is the main limiting factor of agricultural production in Spain. Yet it has only been in recent years that concerted efforts have been made to develop Spain's land and water resources. During the past 10 years some 1.8 million additional acres have been irrigated, bringing the total in 1961 to 4.5 million acres, about one-tenth of the cultivated area. Spain hopes that its total irrigated land will reach 7 to 8 million acres at the end of 25 years.

The recent World Bank report, made at the request of the Spanish Government, recommends priority be given those irrigation projects which have the "highest return on capital cost" to insure that the country's savings be employed to bring about the best rate of economic growth.

Farm size uneconomic

The pattern of land ownership in Spain has also been a strong deterrent to agricultural growth. Units in parts of the south are extremely large. The Land Colonization Institute has begun to buy up large estates and develop family-type farms, but progress has been slow. In much of the northern part of the country, land holdings are extremely small and fragmented; one farmer may own 5 acres composed of seven or eight separate parcels of land. The Land Concentration Service has been buying up fragmented holdings for consolidation into economic family-size units for the past 10 years.

The Service is also active in agricultural research, reforestation, soil conservation, market research, and agricultural extension.

The Extension Service, an autonomous agency of the Ministry of Agriculture, started in 1956 and now has 160 field offices, 316 county agents, and 20 home economics agents. During the first 4 years, the extension service was 45 percent financed with American aid.

The third factor which strongly influences Spanish agricultural productivity is land usage.

More than 50 percent of the present cropland (including fallow) is now devoted to wheat, wine, and olives. One-third of the land is used for livestock products; forestry takes about 5 percent.

Emphasis on wheat production

For a number of years, self-sufficiency in bread grains has been the government's most important farm policy. Farmers have had to devote a certain proportion of their arable land to wheat, most recently about 25 percent. Attractive prices and other incentives have been provided. As a result, self-sufficiency has been substantially attained except in years of poor harvest.

As income levels rise, wheat consumption is expected to go down as that of livestock products goes up. Some of the land now in wheat will probably be shifted to mixed crop and livestock farming. Marginal land in wheat may be converted into pasture, or be reforested. More high-cost irrigated land may be put into high-return crops. All these moves will undoubtedly result in higher productivity and encourage a shift of more farm population to other occupations.

In addition, Spain's entrance into the Common Market could call for some rather far-reaching adjustments in wheat acreage and production, since France has a decided economic advantage in wheat production.

Due to two short crops, Spain imported 2.09 million metric tons of wheat in 1960-61 and 1961-62, of which 1.54 million came from the United States. Spain, in or out of the Common Market, will probably take U.S. wheat only in years of short domestic production.

Feed grain imports likely

Next in importance to wheat from the standpoint of acreage and value are barley, rye and corn. Around 6 million acres are planted annually to these three grains. Total feed grains production has actually changed very little since the early 1920's; a slight decrease in barley production has been offset by higher corn output.

Excellent work is being done in developing strains of hybrid corn which will no doubt result in increased yields and production. Though trade sources estimate that within the next 3 to 4 years Spain will double its present feed production, it seems more likely that Spain will be a large importer of feed grains for some time to come. Normally most of the corn and a considerable portion of barley are

imported from the United States.

Spain plants 2.0 to 2.25 million acres of pulses annually, with average production between 400,000 and 475,000 metric tons. Around 5,000 tons of dry beans, chickpeas, lentils, dry peas, and broad beans combined are imported annually and a smaller quantity exported.

Irrigated land produces all the rice; most of the sugarcane, sugar beets, truck crops, and tobacco; more than half of the potatoes; and over one-third the corn and cotton.

Production of sugarcane and sugar beets has not yet caught up with increasing consumption, and imports have amounted to 20,000 to 45,000 metric tons a year.

Rice production exceeds domestic consumption, and exports have been between 60,000 and 85,000 metric tons per year during the past 3 years.

Tobacco production has increased in recent years and has varied from 28,000 to 37,000 metric tons over the past 3 years. Imports have been running just under 20,000 metric tons annually.

Cotton production has grown from 46,000 bales in the 1956-57 season to 510,000 bales in the 1962-63 season—most of it American upland types with some Egyptian.

Cotton consumption rose from 400,000 bales in the 1957-58 season to 600,000 bales for 1960-61, falling to 524,000 bales in 1961-62 as a result of a decrease in exports of cotton goods. Cotton goods equivalent to a record 156,000 bales were exported in 1960-61, but exports dropped to 44,000 in 1961-62.

Cotton output slowing

Acreage and production will probably continue to increase, but at a much slower rate than in recent years. If the support price to the farmer is reduced to world levels, expansion of acreage will be very slow until yields are materially increased and costs of production reduced. However, Spain will probably continue to import some types and staple lengths of cotton and export some of their own production.

Citrus fruit is Spain's largest single export commodity, amounting in some years to more than $100 million. Common Market countries normally take almost three-fourths of these exports.

Citrus production has been very profitable over the years and increased plantings are being made. It has been estimated that about one-fourth of the trees have not yet reached bearing age.

The citrus processing industry consists of an estimated 45 to 50 plants with some new plants being built. Their capacity is said to be 160,000 metric tons of fruit per year, which could be doubled or trebled with present facilities on a stretched-out day. According to official and trade sources, the most important citrus products are single-strength orange juice, concentrated orange juice, and peels in brine.

The indications are that acreage will continue to expand and that as frozen concentrates gain in use, demand in both the domestic and foreign markets will expand.

Spain normally exports substantial quantities of vegetables, melons, table grapes, and apricots. Vineyards occupy 4 million acres, with wine a big exchange earner.

Table olives and olive oil are important export commodities. It is profitable to export the more expensive olive oil and to import cheaper soybean and other oils for domestic consumption.

Spain has developed into the most important dollar market in the world for soybean oil. In 1962, U.S. exports of soybean oil to Spain amounted to 200,000 metric tons, valued at some $40 million. However, government officials have repeatedly complained about the quality of U.S. soybean oil. It is stated that soybean oil experiences a low preference position in Spain at the present time due to contamination and adulteration in the channels of trade in Spain, and, as contended by Spanish officials, the shipment of contaminated and adulterated oil from the United States.

Oil imports on rise

It is estimated that Spain will import in excess of 220,000 metric tons of edible oil in 1963 to meet domestic needs. Soybean oil imports from the United States will probably be lower than in 1962, although total edible oil imports will be larger.

Any future expansion in the production of oil-bearing crops will probably be in cotton and in an attempt to produce soybeans economically. The government is also interested in importing soybeans to reduce the quantity of oil imported and provide its own protein meal.

Per capita consumption of meat, eggs, and milk is lower than in most other West European countries and even lower compared with the United States. Spain normally imports more meat than is exported. Cattle, hogs, sheep, horses, poultry, goats, and rabbits are raised.

The livestock industry is beset with many problems. Mortality is high. Losses from African swine fever were estimated at 40,000 to 50,000 head in 1962; as yet there is no effective control for this disease. The ratio of output to feed consumption and per animal unit is low. Production of protein feed supplements is low in relation to present livestock and poultry numbers.

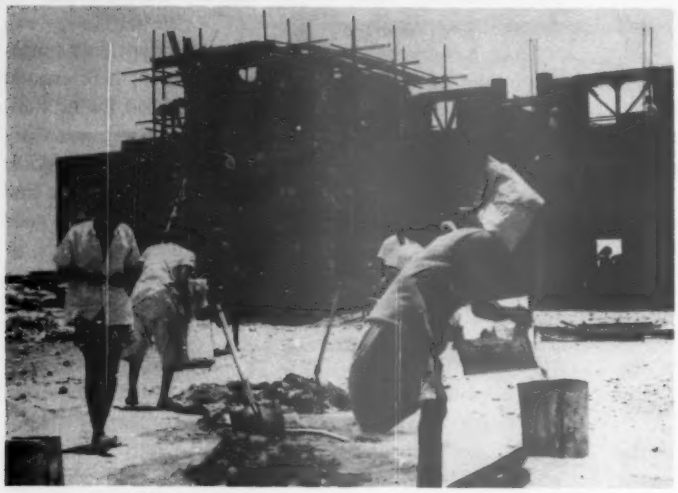
Demand for livestock products

Spain's ability to meet the growing demand for meat and poultry from domestic production will depend in a large measure on improved breeding stock and on better disease control, feeding practices, and other production and management practices. Poultry meat and egg production have been increasing rapidly in recent years.

Spain has concluded that on the whole its agriculture would benefit from association with the Common Market. There would be adjustments in crop production and considerable labor migration out of agriculture.

On the other hand, Spain's agricultural exports would rise. Exports of fresh fruits and vegetables should expand rapidly. Furthermore, the production of vegetables and fruits could be expanded greatly in Spain if markets existed. In addition to positive gains for Spanish agricultural exports, exporters are quick to point out the negative effect of the high Common Market external tariff if Spain should not associate with the EEC.

Sudan's New Frontier for Displaced Farmers



In Kashem-El-Girba a farm community is going up for Sudanese flooded out by Egypt's High Dam

Left, work is underway on an administration building for one of the village centers in the new Kashem-El-Girba settlement.

Left, workers pour concrete for the floor of a house in one of the 26 villages. A British firm has contracted to build houses for the 50,000 Wadi Halfa residents.

Kashem-El-Girba is a scorched, shadeless, sun-baked land, flat as a tabletop. You can look for 50 miles in any direction and see not a hill, nor a stone bigger than a pebble. Its soil is a rich loam, 40 feet deep. The temperature at noon regularly reaches 125 degrees, and even the great herds of camels seem to vanish in the shimmering heat waves. It is a silent country, whose only motion is in the towering Dust Devils that march across the horizon.

Here, 250 miles east of Khartoum, 50,000 Sudanese will arrive within the next 18 months, displaced from their native homes on the Upper Nile. For at Wadi Halfa, where these people now live, the vast lake soon to be formed behind Egypt's Aswan High Dam will flood this ancient city, covering forever the houses, shops, docks, and small farms of historic Nubia.

Under the terms of the joint Sudanese-Egyptian Nile Waters Agreement for the High Dam, the United Arab Republic indemnifies Sudan for most of the cost of resettling Wadi Halfa residents. Of the town's 70,000 inhabitants, about 50,000 have decided to migrate to Kashem-El-Girba. The remainder chose a cash settlement, which relieves the government of any further responsibility for them.

The Kashem-El-Girba site was chosen for its rich soils, for the speed with which it could be transformed into an economic unit, and because the Atbara River, flowing from nearby Somalia to the Nile, offers a dependable supply of water for perennial irrigation.

Scarcely 3 years ago work on this half-million-acre project commenced. A consortium of Italian, French, German, and British firms undertook to build a dam, a power station, pumps, electric lines, main canals, and 26 villages. The work will be basically complete within 18 months and will have cost about $125 million.

The dam itself is a unique piece of engineering. Within its walls are combination electric generators, which can be used when necessary as pumps to lift a portion of the Atbara River to a level where it will flow by gravity through the main canal.

The first contingent of Wadi Halfa settlers will arrive in early 1964. Organizationally, 250 families will live in each of the 26 villages. Each family will be given a complete new house and from 5 to 15 acres to till. Run-

ning water and electricity for each house, schools, and other municipal services will be provided. A central development with a rail terminal will be the main town.

A pilot farm, already functioning for 2 years, gives an indication of the bounty that this land promises. Irrigation water added to the 25 inches of annual rainfall backs a lush growth of sugarcane, cotton, cereals, fruit trees, vegetable crops, corn, peanuts, and safflower.

Farmers will follow a 3-year rotation, including cotton, peanuts, and wheat. With 500,000 acres being farmed, about 150,000 acres will be the annual net addition to land now under cotton cultivation in Sudan. Experiments show that extra-long staple cotton (Acala, BAR-XLI) does very well in this hot, dry climate, similar to that of Arizona. A sugar mill, supplied by 30,000 acres of cane, is being built by a German firm.

Extension workers, experienced on the successful Gezira scheme, will show the new settlers how best to farm. Cooperatively owned machinery, almost all of American make, will do the heavy work, but hand labor will still be required at harvesttime.

What are the problems?

Practically none, technologically. But there is some fear that this large project, which could be expanded to 1 million acres, will not be populated enough to farm even 150,000 acres. The government will be in partnership with the farmer, and in this relationship will probably take 60 percent of all cash crops in annual payment for land use, development costs, water, and supervision. For noncash crops, the farmer will keep all. It is roughly on this basis that the big 1.5-million-acre Gezira Scheme has operated for 15 years, but it is farmed by former residents on the same land. Kashem-El-Girba will be starkly new to the Wadi Halfa people, few of whom are happy to move out.

Despite these and other difficulties ultimate success is likely. This by-product of Egypt's High Dam is quite capable of creating for Sudan half as much new arable land as Egypt itself expects to get from the Dam.

—HERBERT K. FERGUSON

Above, land on one of the new pilot farms, seeded for the first time to cotton. Right, experiment-farm director poses beside a medlar (fruit) tree.

Below, great herds of camels, goats, and donkeys crowd along a new waterway of the Kashem-El-Girba irrigation project.

Report from Latin America: Uruguay

By HENRY L. BUCKARDT
U.S. Agricultural Attaché
Uruguay

Uruguay is a small country of slightly over 72,000 square miles. Its population is small too—only about 3 million persons. In the sense that it is basically pastoral and agricultural, it might be termed an underdeveloped country; yet in the social sense it is advanced. Uruguayans have a high degree of literacy. Purchasing power is reasonably substantial and standards of living are high.

For a number of years the rate of exchange of the Uruguayan peso had remained steady. Then on May 9 of this year, in order to increase foreign earnings, the Uruguayan Bank of the Republic, which had been supporting the peso at 10.93 to the dollar, withdrew from the exchange market, thereby creating a "floating" exchange rate. On May 29, the Bank re-entered the market, establishing initially an average rate of 16.14 pesos to the dollar, a devaluation of about 50 percent.

Agriculture is of course the major source of the national income. About 96 percent of the country's total land area is now used for agricultural purposes, and three-fourths of this is in pasture. (There are few minerals and no petroleum or coal.) Agricultural exports provide about 97 percent of the country's foreign exchange earnings, with wool, by far the most important product, contributing over half of this. Meat and hides account for 25 percent, and linseed oil and rice the remainder.

In 1961, exports of Uruguay's agricultural products on a worldwide basis totaled $172 million, whereas the country's agricultural imports were $61 million. Biggest customers are the United Kingdom, the United States, and the Communist Bloc countries. They purchase over half of Uruguay's foreign shipments.

That same year, 1961, saw the United States take $25 million worth of Uruguay's farm exports, selling $11 million worth in return. Commodities exported to the United States included wool, wool tops, canned meat, woolen textiles, hides and skins, bristles, and casein. Purchased from the United States were tobacco and tobacco products, cotton, insecticides, fertilizers, and hops.

Boosting U.S. share

The U.S. share of the agricultural products that Uruguay imports is quite small—only 18 percent—and many of the items that it does buy are commodities which the United States has for sale. Which leads to the question—can a bigger market be developed for U.S. farm products?

Currently the prospects seem best for four commodities —cotton, livestock, forage and grass seeds, and tobacco. Taking these in turn the situation is as follows:

Cotton—In 1958 the United States sold Uruguay less than 1 percent of the $6.5 million worth of cotton purchased. This figure increased to 85 percent in 1960, then started sliding backward: 70 percent in 1961 and 22 percent last year. In the meantime, the textile industry—11 major mills—has increased its production capacity, using mostly imported cotton since local output provides the industry with less than 2 weeks' supply.

Livestock—Improvement of breeding stock is one of Uruguay's major agricultural objectives. Herd improvement by the use of purebred sires has been a traditional practice and has done much to increase the production of both meat and milk from the 8½ million head of cattle now in the country. Continued promotion to interest ranchers in U.S. purebred Hereford and Angus cattle would coincide with this goal.

Forage and grass seeds—There is a growing demand in Uruguay for seeds—sorghums, legumes, and grass; the sorghums because of their feed value, the legumes and grasses to improve the country's vast pasture areas. A good start has been made with trial plots of U.S. seeds, a project sponsored by a U.S. seed company. Because of the country's limited research work many more of these demonstration projects are needed.

Tobacco—Between commercial marketings and sales under Public Law 480, the United States has sold to Uruguay the biggest part of its leaf tobacco requirements. It can be expected to keep this market. At the same time, a quality improvement program for local manufactured tobacco products appears to be needed to increase consumption and to reduce competition with products obtained from other countries. Interchange of information and the sending of tobacco representatives to the United States to study American methods would help.

Looking ahead

During the next 5 years Uruguay's agricultural production may increase as much as 5 to 8 percent. This prediction is based first, on the government-directed pasture improvement program which will result in more feed for the country's cattle and sheep; and second, on the work of the government crop experiment station which is seeking to introduce new crops—sorghums, for example—and high-yielding varieties of other crops.

This boost in the country's agricultural output is not expected to change its patterns of trade. Uruguay has its traditional customers for wool and meats, its two large export items. Also, it has traditional suppliers of needed import items. A change in the trade pattern would take place only if there were changes in requirements for Uruguayan products in its traditional markets.

Uruguay is of course a member of the Latin American Free Trade area (LAFTA), and it is difficult to predict exactly what will happen in the next few years. Various committees are at work drawing up far-reaching plans to make a homogeneous market for the member countries. Progress has been slow, but already the United States is being squeezed out of the cotton market in Uruguay because of LAFTA agreements.

USDA Hearings in October To Consider Official U.S. Wheat Standard Changes

Official U.S. wheat standards, an important factor in meeting competition in foreign markets, may be updated in several different respects if changes proposed recently by the U.S. Department of Agriculture are put into effect.

A series of public hearings on revision of wheat standards will be held in October to permit those interested to react to the proposals: October 1 at Kansas City, Mo., October 4 at Minneapolis, Minn., October 8 at Portland, Oregon, and October 11 at Toledo, Ohio.

Standards now in effect were set up in 1917 and have been amended only a few times since then, the last in June 1957.

Proponents of revision say it is needed in order to adjust to advancements in production and handling practices and to improve the competitive position of U.S. wheat abroad. Changes proposed are:

- To reduce the amount of unmillable material now permitted by providing maximum limits in the numerical grades for damaged kernels and foreign material, and lowering the limits of shrunken and broken kernels.
- Make the amount of dockage (material easily cleaned from wheat) reported in a wheat shipment more accurate by expressing it in terms of whole and half percent, instead of whole percent as at present.
- Put wheat with more than 13.5 percent moisture in the "tough" category, since this wheat normally goes out of condition when stored.
- Recognize higher than normal test weights per bushel with a special grade, "heavy," for all classes of wheat of grades No. 1, 2, and 3.
- Discontinue the smut dockage method for appraising the quantity of smut in a lot of wheat, since smut is no longer the problem it was.
- Eliminate subclasses Red Winter Wheat and Western Red Wheat in the class Soft Red Winter Wheat.
- Change the subclass Western White Wheat in the class White Wheat to Mixed White Wheat.

Those who wish copies of all proposed changes, or to send in comments, should write the Grain Division, Agricultural Marketing Service, USDA, Washington, D.C. 20250.

Better Grain Certificates

Beginning September 9, U.S. export grain inspection certificates will carry more detailed information than previously. Regulations were amended, after consultation with the grain trade, to improve trade communications with foreign buyers of U.S. grains.

The new changes in regulations under the U.S. Grain Standards Act will standardize information on certificates, and will include test weight per bushel, moisture content, the percentage of damaged kernels, and other recognized quality factors. A number of U.S. grain exporters have for some time asked inspection agencies to put such information on their certificates, because they found it helpful in making sales.

Soybean Council Exhibits At Izmir Int'l Trade Fair

Portrait in soybeans

Benefits of using soybean oil is the theme of an exhibit by the Soybean Council of America at the Izmir International Trade Fair, Izmir, Turkey, August 20-September 20.

The only U.S. agricultural group participating, the Council is displaying soybean oil and oil products as they are sold in Turkish markets, and charts and publications on the use of soybean products. A large graphic display shows production, processing, and marketing of U.S. soybean products.

Big attention-getters are expected to be a soybean oil fountain, and "soybean portraits" of George Washington (shown above) and of Mustafa Kemal Ataturk, founder of Turkey.

"Poeten" Have Potential As Market for Cotton

Clothing buying habits and preferences of young Dutch girls—ages 12 to 16—have been studied and results published by the Netherlands Cotton Institute. The findings: that "Poeten," girls in the lower teens, present a challenge not being met by the clothing trade.

The report, "Poeten—the Problem Children of Textiles," concludes that the cotton industry may be forfeiting about $24.5 million a year because of the lack of ready-made clothing for 570,000 young Dutch girls. It says the average girl in this age group spends about $7.18 per month for clothes, and picks cotton for more than half of the clothing she wears.

The ready-to-wear industry's trade association has recommended the report to its members. One Netherlands garment maker plans to give copies of the study to wholesalers at showings of his next collection.

EEC Countries Set Grain Target Prices

The EEC Council of Ministers, late in June, set the upper and lower limits for the 1963-64 target prices of wheat, rye, barley, and corn, as called for by the Community's Common Agricultural Policy.

The Council's decision resulted in only a slight modification of the target prices that were in effect during the 1962-63 season. Only the lower limits of the prices for barley, rye, and corn were affected. The lower limit for barley was increased by $.75 a ton, the rye lower limit by $2.00 a ton, and the corn lower limit by $3.20 a ton. Although these changes were slight, it is significant that only the lower target price limits were increased while the upper limits remained the same.

The Council of Ministers' decision on upper and lower limits for grain target prices was more modest than the EEC Commission's proposal which was announced in early March (*Foreign Agriculture,* April 1, 1963.) This did not come as a complete surprise since much difficulty is expected in the negotiation of harmonized EEC grain target prices. Germany, which has the Community's highest grain prices, would not yield in the Council's price deliberation. A reduction in the EEC upper limit for wheat, barley, and rye target prices would have required a lowering of the German price level. Italy was exempt from complying with the lower limit on the barley target prices for 1963-64; however, the Italians have agreed to raise their prices to the lower limit next season.

Following the Council of Ministers' decision on upper and lower limits for target prices, individual EEC members announced their target prices for soft wheat, barley, and rye for the 1963-64 season. These target prices compared with those of the previous year are as follows:

Item	West Germany	France	Italy	Belgium	Netherlands
	Dol. per met. ton	*Dol. per met. ton*	*Dol. per met. ton*	*Dol. per met. ton*	*Dol. per met. ton*
Soft wheat:					
1962-63	118.88	90.40	104.40	102.60	91.99
1963-64	118.88	92.20	102.40	104.60	98.34
Change	——	+2.20	—2.00	+2.00	+6.35
Barley:					
1962-63	103.00	72.19	66.40	84.80	79.14
1963-64	103.00	74.38	[1] 69.65	86.80	80.66
Change	——	+2.19	+3.25	+2.00	+1.52
Rye:					
1962-63	108.13	72.31	98.59	80.00	69.47
1963-64	108.13	73.77	98.69	80.80	72.51
Change	——	+1.46	+0.10	+0.80	+3.04

[1] Unofficial.
Note: These target prices are applicable in the deficit producing areas of each country, except for the French prices and the Italian soft wheat price which apply in the surplus producing areas of those countries.

Although Germany made no change in its target prices from those in effect last season, it did modify the quality standard for which the barley target price applies. Germany has a lower quality standard for barley than that of the EEC. In adjusting toward the EEC standard, the German target price was, in effect, cut about $1.50 a ton.

The increases in Belgian and Dutch prices will also be offset somewhat by quality standard adjustments. These two countries have moved from their formerly lower national quality standards the full way to the EEC standards on all grains. The slight increase in French prices is of some concern to outside grain suppliers to the EEC because of the potential of France to further increase grain production at higher price levels.

Target prices represent government objectives regarding grain price levels in the wholesale market. Besides the target prices, member countries are also assigned intervention and threshold prices which are based on the target prices. Intervention prices are support or guaranteed purchase prices while threshold prices are equivalent to minimum import prices.

UPPER AND LOWER LIMITS FOR EEC GRAIN TARGET PRICES

Item		1962-63	1963-64	Change
		Dol. per metric ton	*Dol. per metric ton*	*Dol. per metric ton*
Soft wheat	Upper limit	118.92	118.92	0
	Lower limit	89.43	89.43	0
Barley	Upper limit	103.07	103.07	0
	Lower limit	71.42	72.17	+0.75
Rye	Upper limit	108.17	108.17	0
	Lower limit	65.71	67.71	+2.00
Corn	Lower limit	62.40	65.60	+3.20

Note: The upper limits apply in the EEC deficit producing areas; the lower limits, in the surplus producing areas.

Denmark Sets Farm Subsidy Rates

The Danish Ministry of Agriculture and representatives of the Agricultural Council, including the Farmers Union and the Smallholders Federation, have reached an agreement on the distribution of $28 million as provided for in the 1963 Agricultural Marketing Act.

Of this total, $22 million is the "agricultural rationalization fund," and $6.2 is provided from the feedgrain fund. All but $1.9 million, which represents fees collected on feedgrain imports, is provided from the Treasury as a direct subsidy to agriculture. The subsidies were included in the general economic settlement enacted by the Danish Parliament last spring.

All farmers will receive a payment of $6.82 per cow from the rationalization fund. In addition, farmers with no more than eight cows will receive $9.43 per cow from the grain fund, provided their farms do not exceed 34.6 acres or $4,350 in value. This latter is a "rebate" to smallholders who use imported grain or grain bought from larger farms, and compensates for higher prices for feedgrains resulting from import fees.

Payments from the agricultural rationalization fund will be distributed on the basis of both size and value of land exclusive of buildings. The rates vary from $12 to $46 per acre depending on the total value of the land.

De Gaulle Espouses Self-Sufficiency

In his latest press conference, on July 29, President Charles De Gaulle of France reaffirmed what he believes to be the objectives of the Common Market in agriculture —namely, maximum self-sufficiency and minimum dependency on outside countries for supplies. An unofficial transcript quotes him as follows: "It is not worth talking of the European Economic Community if it must be understood that Europe does not obtain its food essentially thanks to its own agricultural products, which can be largely sufficient."

Poultry Occasions U.S. Duty Increases

The United States announced on August 6 that it will make compensatory adjustments in its trade-agreement concessions to the European Economic Community for failure to give U.S. poultry reasonable access to the Community's market.

Hearings to determine the extent of the measures will be held September 4; 19 items covering about $110 million worth of trade will be considered. The largest of these is wine, which accounts for $22.4 million a year.

In taking this action, the United States invoked its rights under the General Agreement on Tariffs and Trade (GATT), Article XXVIII. This Article provides that when a country or customs union, such as the EEC, withdraws a tariff concession, as the EEC did a year ago with respect to poultry, the country affected may follow a specified sequence of actions.

First, it may seek to avoid a total withdrawal of the tariff concession and attempt to negotiate a new concession on the item. This is what the United States tried to do with the EEC in the interest of U.S. poultry.

If this fails and the other country is not prepared to offer some other meaningful tariff concessions, the country affected is free to withdraw, in turn, substantially equivalent concessions. This is the procedure the United States is following.

Jamaica's Tobacco Imports at Record

Jamaica's imports of unmanufactured tobacco during 1962 reached a new high of 1,780,000 pounds—7.7 percent greater than the 1961 level of 1,650,000 and 23.8 percent larger than the 1,440,000 in 1960.

Imports from Canada, the principal supplier, turned upward last year after declining for a number of years. Takings from this source during 1962 totaled 671,000 pounds, compared with the postwar low of 650,000 pounds in 1961. Takings from the United States rose from 484,000 pounds in 1961 to 632,000 pounds in 1962. Imports from the Rhodesias-Nyasaland last year amounted to 343,000 pounds.

Average prices paid to major suppliers in 1962, in terms of U.S. cents per pound, were as follows: the United States, 94.2; Canada, 72.4; and the Rhodesias-Nyasaland, 65.6. The average price per pound from all sources was equivalent to 79.8 U.S. cents.

Jamaica's imports of cigarettes during 1962 were also at a record. Imports last year totaled 880,000 pounds, compared with 603,000 in 1961. Imports from the United Kingdom, the principal supplier, rose from 531,000 pounds in 1961 to 705,000 in 1962 and represented 80 percent of total imports. Takings from the United States, at 75,000 pounds, were slightly above the 1961 level of 72,000 but were still about one-fifth below the 1960 high of 92,000 pounds.

Rhodesian Flue-Cured Prices Still Declining

The average price of 1963 crop flue-cured tobacco sold at Salisbury, Southern Rhodesia, for the 19th week of sales, which ended July 18, 1963, was equivalent to 49.6 U.S. cents per pound. Average weekly prices have now declined steadily for 7 consecutive weeks from the seasonal high of 60.4 cents for the 12th week.

Total sales through the 19th week amounted to 165.1 million pounds, at an average price equivalent to 49.6 U.S. cents per pound. Sales last year for the same period totaled 171.1 million pounds, at an average price of 42.8 U.S. cents; and for the whole season, they totaled 230.8 million pounds, at an average price of 40.8 U.S. cents.

Italian Tobacco Crop Up Sharply

Preliminary estimates place the 1963 crop of tobacco in Italy at about 133 million pounds—30 percent above the final figure of 102 million for the harvest of 1962. The 1963 planted acreage is placed at 119,500 acres, compared with 88,000 acres in 1962. Production in 1955-59 averaged 168 million pounds annually.

Estimates of 1963 production by principal kinds of tobacco, with last year's figures in parentheses, are as follows, in millions of pounds: Flue-cured, 28.4 (19.9); burley, 29.1 (17.7); dark air-cured, 21.5 (14.9); dark fire-cured, 20.7 (15.5); and oriental, 29.6 (29.4).

The sharp increase in production this year indicates that Italy has nearly completely recovered from the disastrous effects of blue mold on the crop grown in 1961. The Tobacco Monopoly estimates blue mold damage this year at only 2 percent—mainly in the southern part of the country. Elsewhere damage has been insignificant.

Malayan Cigarette Output Rising

Cigarette output in the Federation of Malaya continued upward through 1962. Production last year totaled 11 million pounds—up 15.8 percent from the 9.5 million produced in 1961.

Production of cigars and cheroots, at 1.63 million

pounds, was down 7 percent from the 1.77 million produced in 1961. Also, production of smoking mixtures was down 3.3 percent from the 2.3 million pounds produced during the previous year.

Usings of leaf tobacco by manufacturers during 1962 totaled 16.2 million pounds, compared with 14.3 million in 1961 and 12.4 million in 1960. Use of foreign leaf continued to rise on an absolute basis, but its share dropped from 58.7 percent of total usings in 1961 to 57.9 percent in 1962. The use of domestic leaf last year totaled 6.8 million pounds, compared with 5.9 million in 1961 and 5.7 million in 1960.

Japan, Taiwan, Korea in 3-Way Rice Sales

To meet South Korea's critical need for rice in early July, Japan released to that country part of its scheduled 1963 rice imports from Taiwan.

By negotiations between the three countries, 20,000 tons of the 50,000 that Japan was originally to have obtained in May and June from Taiwan's second 1962 harvest were to be shipped instead to South Korea, by July 10. To make up the total of 100,000 tons that Japan had purchased in exchange for fertilizers under its May 1963 agreement with Taiwan, it was to obtain 70,000 tons from Taiwan's first 1963 harvest, for shipment in September and October.

The agreed export price was $149.75 per ton, f.o.b., or about $5.75 higher than in the preceding year.

It is reported that Korea is negotiating with Taiwan for an additional 50,000 tons of rice to be handled by Japanese importers on a deferred-payment basis. Also, the Korean Government has bought 25,000 tons of Burmese rice from Japanese importers. And, as the result of an appeal by South Korea, the Japanese Government donated 20,000 tons of rice and 20,000 tons of other grains to alleviate Korea's scarcity of food.

Floods Reduce Mozambique's Rice Harvest

Heavy off-season rains and hail in mid-July reduced Mozambique's rice harvest by approximately 6,000 metric tons. A rice shortage could result in coming months.

The area hardest hit was in the Maputo Valley, where rice is the principal crop. Additional land has been distributed here in recent years to settlers for rice growing and production has benefited by improved cultural practices, technical assistance, and mechanization.

Prior to the July floods, the outlook for the crop was generally favorable, with harvesting well underway. Output was expected to increase by about 5,000 tons of rough rice (3,300 milled).

Mozambique nearly doubled its commercial rice production between 1959 and 1962 from 22,700 to 42,300 tons. This has meant larger domestic consumption, with little surplus for export.

Exports in 1962, at about 4,000 tons, were the highest in 5 years, and in January-March 1963, they were already 1,052 tons, compared with 450 in the same months of 1962. The record was 6,518 tons in 1953, but in 1959-61, exports averaged less than 1,000 tons a year.

Imports of all types of rice into Mozambique are prohibited unless a shortage arises.

Austria's Rice Consumption Declining

Rice consumption in Austria declined 9.1 percent during 1962, according to a recent survey of the Vienna Chamber of Labor. Since this annual survey represents only a small segment of Vienna households, it may not be indicative of the whole country. It is believed, however, that the data reveal consumer reaction to price boosts—including one of 20 percent for rice—that occurred in 1962 as the result of lower supplies for several principal foods. Causes of the lower supplies were the winter kill of some crops and stringent government controls on imports.

Austria's level of rice consumption can be ascertained by the volume of imports, since Austria does not produce rice. A decline was noted in 1962, when milled rice imports were approximately 24,590 metric tons as against 26,270 in 1961. Stocks on hand in January 1962 reportedly approximated those of January 1961.

Milled rice imports in the first quarter of 1963, at 7,997 tons, were up from 7,607 in January-March of 1962; this may reflect some recovery in Austria's rice consumption in 1963. Italy supplied about 85 percent of the milled rice imports in 1962 and also in the first quarter of 1963. Thailand was the next largest source of milled rice.

Imports of broken rice, used predominantly for beer manufacture, declined 19 percent in 1962 to 9,529 tons, from 11,747 in 1961. In the first quarter of 1963, however, they showed a substantial increase.

RICE: AUSTRIAN IMPORTS BY SOURCE AND TYPES, JANUARY-MARCH 1963, WITH COMPARISONS

Country of origin	1961	1962	January-March 1962	January-March 1963
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Semimilled rice	127	60	32	20
Milled rice:				
Belgium-Luxembourg	318	509	164	34
Egypt	256	7	0	349
Italy	22,211	20,813	6,645	6,905
Netherlands	183	452	35	148
Thailand	1,608	1,783	402	428
United States	904	762	348	101
Other countries	793	264	13	32
Total	26,273	24,590	7,607	7,997
Broken rice:				
Argentina	788	4,701	127	1,446
China, Mainland	802	501	501	0
Egypt	4,435	816	797	1,011
Italy	4,389	2,561	1,013	317
United States	24	5	0	59
Other countries	1,309	945	98	86
Total	11,747	9,529	2,536	2,919
Total rice	38,147	34,179	10,175	10,936

Statistik des Aussenhandels.

Argentina Alters Sugar Regulations

Argentina recently issued two decrees affecting the sugar industry. Under one, the government may establish the quantities of sugar that can be spared for export in a spe-

cific period, whenever this action is necessary to stabilize the domestic market. Exports are to be limited to a maximum of 30 percent of production. The government is also permitted to fix annually both the provisional and final division of net profits from sales of sugar and molasses. The second decree establishes minimum chemical-physical conditions for the delivery of sugarcane and the procedure to use in calculating the industrial yield of the raw material. It also provides for more prompt settlement of accounts between the mills and growers.

A brief sugar strike was settled in mid-July, with workers getting a 35-percent wage increase. The strike is not believed to have affected planned exports of sugar, which continue to move in rather large volume. Exports during 1963 totaled 73,030 metric tons through July 10, of which 67,701 tons were to the United States. Export sales pending shipment on July 10 were estimated at 245,000 metric tons.

EEC Green Coffee Imports Rise

Green coffee imports into the European Economic Community in 1962 amounted to 11.2 million bags (of 132.276 lb.), compared with 10.9 million in 1961. This 2.9-percent rise was slightly lower than the 1961 rise but continued the general upward trend. Major suppliers were Brazil, 26 percent; the Ivory Coast, 13 percent; and Colombia, 10 percent). The EEC's Associated Overseas Territories, including the Ivory Coast, accounted for 27 percent of the total—a decline of 2 percent from 1961.

The EEC is one of the world's largest coffee markets, accounting for 24 percent of world green coffee imports. Together with the United States it accounts for approximately three-fourths of world imports.

GREEN COFFEE: IMPORTS INTO EEC COUNTRIES, 1960-62

Country	1960	1961	1962
	1,000 bags	*1,000 bags*	*1,000 bags*
West Germany	3,323	3,540	3,898
France	3,477	3,408	3,428
Italy	1,653	1,753	1,865
Netherlands	917	1,147	1,063
Belgium-Luxembourg	1,109	1,037	946
Total	10,479	10,885	11,200

Philippine Coffee Roastings Increasing

Philippine coffee roastings now amount to about 8.8 million pounds a year. Since January 1962 two new processing plants have gone into operation, and two more are scheduled to begin processing beans during 1963. This brings the total number of local coffee processors in the Philippines to over 20.

Establishment of these new plants is expected to increase the import demand for Arabica coffee for blending with the local Robusta. Only 10 percent of total Philippine green coffee output—estimated at 740,000 bags (of 132.276 lb. each) in 1962-63—is Arabica.

Domestic consumption of coffee in the Philippines is increasing, and a small export market is developing. Exports of 1,367 bags of raw coffee beans in 1962, mostly to the United States, were the first shipments since the revival of the industry in 1956.

New Guinea's Cocoa Bean Exports Higher

Exports of cocoa beans from New Guinea and Papua during 1962 reached a record level of 12,819 metric tons, up 44 percent over the previous year. Exports averaged less than 3,000 tons during 1955-59, but they have rapidly increased in recent years as the result of higher production from new trees coming into bearing.

Exports were distributed among major markets as follows: The United Kingdom, 25 percent; the United States, 23 percent; Australia, 21 percent; Belgium, 12 percent; and West Germany, 9 percent. New Guinea and Papua now rank 12th in world production of cocoa.

U.K. Lard Imports Up

U.K. lard imports in the first 5 months of 1963 amounted to 194.7 million pounds—about 6 percent more than those for the same period in 1962.

Imports during May were 73.2 million pounds, 65.8 million of which were from the United States. For the first 5 months of 1963 the United States supplied 81 percent of all lard imports, or a total of 157 million pounds —up from 142 million pounds for this period last year.

May shipments from West Germany, Denmark, Belgium, and Sweden were larger than in April. Shipments from France, Poland, and the Netherlands were down, with an especially sharp reduction in those from Poland—down from 700,000 pounds in April to 400,000 in May. France still continues to be the second largest supplier of lard to the United Kingdom.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN, JANUARY-MAY, 1962 AND 1963

Country of origin	Jan.-May 1962		Jan.-May 1963	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	142,092	77.7	157,360	80.8
France	10,150	5.6	9,840	5.0
Germany, West	3,244	1.7	6,762	3.5
Denmark	5,946	3.3	6,704	3.4
Belgium	8,358	4.6	6,136	3.2
Poland	8,714	4.8	2,906	1.5
Netherlands	2,436	1.3	2,641	1.4
Sweden	1,544	.8	2,029	1.0
Others	494	.2	281	.2
Total	182,978	100.0	194,659	100.0

Henry A. Lane & Co., Ltd.

USDA To Permit Japanese Meat Imports

Japan is free of rinderpest and foot-and-mouth disease and is now eligible, under Federal Meat Inspection Regulations, to export meat and meat byproducts to the United States. However, only limited amounts of Japanese specialty meats are expected to be imported.

These Federal regulations require foreign governments to identify their meat-exporting establishments and certify

that they meet USDA sanitary and inspection standards.

Japan has also been excerpted from import prohibitions and restrictions under Animal Inspection and Quarantine Regulations. These regulations, designed to protect U.S. livestock against diseases, prohibit importation of certain animals and meat and restrict importation of other animals, animal products and byproducts, hay, straw, and other materials.

The amendments to the regulations were announced in the *Federal Register* May 11 and became effective July 30.

Australian Meat Moves to the U.S.

Seven ships left Australia during the second and third weeks of July with 28,719,040 pounds of beef, 2,880,640 pounds of mutton, 44,800 pounds of lamb, and 17,920 pounds of variety meats for the United States.

Ship and sailing date	Destination[1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports and St. Lawrence Seaway			*Pounds*
Crystal Sea ..... July 9	Savannah	Aug. 5	Beef	369,600
			Mutton	134,400
	Philadelphia	8	Beef	1,021,440
	New York	9	Beef	5,384,960
			Mutton	506,240
			Var. meats	4,480
	Boston	15	Beef	965,440
	Detroit	22	Beef	454,720
			Mutton	224,000
	Norfolk	([2])	Beef	62,720
Pioneer Reef..... July 11	Charleston	Aug. 12	Beef	100,800
			Mutton	33,600
	New York	18	Beef	492,800
	Philadelphia	20	Beef	40,320
	Baltimore	22	Beef	293,440
			Mutton	100,800
North Sea..... July 12	Philadelphia	Aug. 6	Beef	591,360
			Var. meats	2,240
	New York	7	Beef	7,436,800
			Mutton	145,600
	Boston	14	Beef	748,160
			Mutton	224,000
	Norfolk	([2])	Beef	165,760
Whangaroa ..... July 13	Houston	Aug. 10	Beef	539,840
			Mutton	295,680
	New Orleans	16	Beef	947,520
			Mutton	134,400
	Charleston	22	Beef	107,520
	New York	27	Beef	678,720
Gloucester ..... July 16	Charleston	Aug. 13	Beef	629,440
			Mutton	165,760
			Var. meats	6,720
	Norfolk	19	Beef	17,920
			Mutton	33,600
	Philadelphia	20	Beef	808,640
			Mutton	365,120
	New York	24	Beef	3,478,720
			Mutton	394,240
			Lamb	33,600
			Var. meats	4,480
	Boston	30	Beef	1,240,960
			Mutton	123,200
			Lamb	11,200
	Western ports			
Ellen Bakke..... July 7	Seattle	Aug. 25	Beef	362,880
	Portland	29	Beef	277,760
	Los Angeles	Sept. 7	Beef	1,016,960
	San Francisco	11	Beef	67,200
Monterey ..... July 15	San Francisco	Aug. 1	Beef	118,720
	Los Angeles	5	Beef	297,920

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale. [2] To be transshipped.

U.S. Imports Less Cotton Linters

U.S. imports of cotton linters, mostly felting qualities, totaled 110,000 bales (500 pounds gross) during the first 11 months (August-June) of the current season. This was 42 percent below imports of 190,000 bales in the same period a year earlier. Linters imports during June totaled 13,000 bales, compared with 11,000 in May and 8,000 in June 1962.

Principal sources of linters imports during August 1962 through June 1963, with comparable 1961-62 figures in parenthese, were: Mexico 68,000 bales (104,000); USSR 15,000 (27,000); Guatemala 10,000 (7,000); Brazil 7,000 (19,000); El Salvador 6,000 (8,000); Israel 1,000 (2,000); and Syria 1,000 (1,000).

Japanese and Chinese Agree on Soybean Prices

Japanese and Communist Chinese trade groups have agreed on a price of $97.30 per ton (f.o.b. Chinese ports) for 44,000 metric tons (1.6 million bushels) of Chinese soybeans to be shipped to Japan during August-October. Of this total, 15,000 tons will be shipped in August, 20,000 in September, and 9,000 in October. This is the third shipping arrangement made so far under the 5-year trade agreement negotiated by Japan last fall for the importation of 150,000 tons of Chinese soybeans a year. (*Foreign Crops and Markets,* Dec. 17, 1962, and *Foreign Agriculture,* Feb. 11 and May 13, 1963).

According to importers, the c.&f. price will be approximately $102.90 per ton ($2.80 per bushel), based on the freight rate of $5.60 per ton—about $7.00 less than the U.S. price of approximately $110 per ton, c.&f. The main reason for this reduced price is the lower oil content of Chinese soybeans (reportedly 6 percent below that of U.S. soybeans) and the fact that the entire quantity is to be used by the soybean crushers. Imports from China so far have been used in miso production, which normally commands a higher price.

The next agreement is expected to be for 30,000 tons (1.1 million bushels) for shipment between November and January. This would complete the 150,000-ton total for the first year.

Japan Approves Venture To Produce Margarine

The Japanese Ministry of Agriculture and Forestry has approved (subject to final decision by the Minister of Finance) a joint venture of one of Japan's largest oilseed processing companies and a large international oilseed trading and processing firm to produce margarine, shortening, and other fat and oil products. The Japanese company will hold a 50-percent interest in the venture.

The new company's main product will be margarine of a quality new to the Japanese market (most margarine currently sold has a small percentage of fish oil, which has a distinctive taste and odor). This high-quality margarine is expected to be readily acceptable if priced competitively, and it will increase the requirement for soybean oil and cottonseed oil. The increased use of soybean oil will re-

duce stocks and may possibly require some imports of soybean oil as well as increased imports of cottonseed and cottonseed oil.

It is expected that other oil companies in Japan will either establish similar arrangements or produce better quality products than those currently offered on the market. Either development could start a strong upward trend in margarine consumption similar to that which has taken place in the United States in the last 20 years.

Dry Weather Threatens India's Oilseed Crops

Dry weather has been reported over large oilseed-producing areas of India during June and July of the current rainy season, causing fear of serious drought. Planting and cultivation of all crops have been delayed in the dry regions.

Areas affected as of late July include parts of Punjab, Uttar Pradesh, Bihar, Orissa, Madhya Pradesh, Rajasthan, and Gujarat. Major oilseed-producing states of India are as follows: Gujarat, peanuts; Uttar Pradesh, sesame; Madhya Pradesh, flaxseed; Punjab, rapeseed; and Andhra Pradesh (apparently not affected), castor beans.

However, immediate rains in dry regions and good rainfall distribution in the remaining part during the monsoon season could still overcome much of the damage that has already been done.

West Germany To Extend Rapeseed Purchasing

The West German Parliament on July 12, 1963, passed an ordinance which, starting September 1, requires West German producers of margarine, shortening, and table oil to purchase domestic rapeseed and/or rapeseed oil equivalent to 10 percent of their total oil requirements. This excludes products for export and those manufactured from raw material of the Federal Reserve in Berlin.

Current regulations require producers to purchase 6 percent of their oil requirements, for margarine only, from domestic rapeseed. Producers may continue to resell or export their purchases of rapeseed and rapeseed oil rather than use them in margarine production or other products.

This new ordinance was enacted to secure marketing of West Germany's increased rapeseed output at the fixed producer price of DM660 per metric ton (equivalent to about U.S.$150 per short ton). According to trade sources, the new 10-percent rate will guarantee the marketings of up to 160,000 metric tons of rapeseed. Latest estimates place the 1963 West German rapeseed crop at about 135,000 tons.

In view of the marked increase in West Germany's rapeseed production during recent years, the Ministry of Agriculture has warned farmers that further acreage expansion would lead to reduced producer prices.

Opponents of this government ordinance contend that the new support system favors farmers in the rapeseed producing areas of Schleswig-Holstein, Southern Hanover, and North Rhine-Westphalia, and that the system will cause the margarine industry to increase its prices. It was pointed out also that the new ordinance is contrary to Article III of GATT.

Canned Fruit and Juice Prices in Hamburg

Selling prices (import duties and customs charges paid) of selected canned fruits and juices in Hamburg, Germany, in July 1962, April 1963, and July 1963 compare as follows:

Type and quality	Unit	Price per dozen units: July 1962	April 1963	July 1963	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots:	*Cans*				
Halves, choice	2½	(1)	(1)	3.45	Czechoslovakia
Halves, choice	2½	(1)	3.87	3.87	Greece
Halves, choice	2½	3.78	3.69	3.66	S. Africa
Halves, choice	2½	(1)	3.78	3.57	Spain
Peaches:					
Halves, choice	2½	(1)	(1)	2.88	Japan
Halves, choice	2½	3.70	3.69	3.93	U.S.
Halves, choice	10	15.00	13.80	15.00	U.S.
Pears:					
Halves, choice	2½	(1)	4.12	4.20	Australia
Halves, choice	2½	(1)	4.48	4.31	Italy
Halves, choice	2½	4.39	4.30	4.08	Netherlands
Fruit salad:					
Choice [2]	2½	(1)	3.57	3.18	Bulgaria
Choice	15 oz.	(1)	(1)	3.06	Japan
Choice	15 oz.	(1)	2.83	2.79	Spain
Fruit cocktail:					
Choice	2½	4.84	4.90	4.99	U.S.
Pineapple:					
Slices, fancy	2½	4.90	4.54	4.50	U.S.
Slices, choice	2½	3.75	3.72	3.72	Philippines
Slices, choice	2½	3.54	3.45	3.48	S. Africa
Slices, choice	2½	3.94	4.03	4.35	U.S.
Slices, choice	2½	3.63	(1)	3.48	Kenya
Slices, choice	1 tall	2.24	2.15	2.15	Malaya
Broken pieces [3]	2½	3.39	(1)	3.42	S. Africa
Broken pieces [3]	2½	3.30	(1)	3.18	Taiwan
Crushed choice	10	9.24	8.04	8.19	S. Africa
Crushed fancy	10	11.94	11.97	11.97	U.S.
CANNED JUICES					
Orange:					
Unsweetened	2	(1)	2.09	2.09	Greece
Unsweetened	2	2.10	2.24	2.24	Israel
Unsweetened	2	(1)	2.24	2.21	S. Africa
Unsweetened	43 oz.	(1)	(1)	5.22	Greece
Unsweetened	43 oz.	(1)	5.01	5.37	Israel
Grapefruit:					
Unsweetened	2	1.42	2.13	2.15	U.S.
Unsweetened	2	(1)	2.05	2.06	Trinidad
Unsweetened	46 oz.	3.15	4.78	5.10	U.S.
Pineapple:					
Choice	2	1.66	1.60	1.60	S. Africa
Fancy	2	1.66	1.66	1.68	U.S.
Fancy	10	8.64	8.64	8.64	U.S.

[1] Not quoted. [2] Peaches, apricots, pears, and cherries. [3] Quality not specified.

Record Supply of Cashews in India

India's 1963 supply of cashews is now forecast at a high of 246,000 short tons (raw nuts)—8,500 tons more than last year. Smaller Indian cashew production and beginning stocks this year are expected to be more than offset by increased imports of raw nuts from Africa: thus, exports too many be at record levels, for the third year.

During 1963, *imports* of new African cashews are expected to total about 168,000 short tons. About 140,000 tons are reported to have already been received by Indian processors. Imports in 1962 totaled 144,500 tons, only slightly less than in 1961. The quality of the African nuts this season is reported to be good.

Indian *exports* of cashew kernels in 1962 totaled 2,038,283 50-pound cases. This is 234,659 cases more than the

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

1961 record of 1,803,624 cases. In 1963, shipments of cashew kernels are expected to increase further, possibly reaching 2,125,000 cases.

The average export price for packed kernels at the beginning of July 1963 was reported at about 43.5 cents per pound, c. & f. New York. This year's average export price may be around this level, which is slightly below the 1962 average of 44 cents. Increased purchases of cashew kernels earlier in 1963 are said to have supported prices.

Domestic consumption of cashews in India is said to be increasing, owing to the favorable price of the cashew compared with those of other competing nuts and to the rising standard of living.

INDIA: CASHEWS, SUPPLY AND DISTRIBUTION 1961-63

Item	1961	1962	Estimated 1963
	Short tons	*Short tons*	*Short tons*
Beginning stocks (Jan. 1)	—	20,000	11,000
Production	73,000	73,000	67,000
Imports	145,000	144,500	168,000
Total supply	218,000	237,500	246,000
Exports	192,000	218,000	226,000
Domestic disappearance	6,000	8,500	11,000
Ending stocks (Dec. 31)	20,000	11,000	9,000
Total distribution	218,000	237,500	246,000

INDIAN CASHEW KERNEL EXPORTS 1961 AND 1962

Destination	1961	1962
	50-pound cases	*50-pound cases*
United States	1,117,742	1,141,600
USSR	167,311	232,627
East Germany	75,221	153,459
Other Communist Bloc	13,901	67,566
United Kingdom	149,339	114,755
Canada	71,777	61,904
Australia	58,089	63,615
Others	150,244	202,757
Total	1,803,624	2,038,283

WORLD CROPS AND MARKETS INDEX

(Other commodity articles listed on page 2)

Cotton
14 U.S. Imports Less Cotton Linters

Dairy and Poultry Products
11 Poultry Occasions U.S. Duty Increases

Fats, Oilseeds, and Oils
14 Japanese and Chinese Agree on Soybean Prices
14 Japan Approves Venture To Produce Margarine
15 Dry Weather Threatens India's Oilseed Crops
15 West Germany To Extend Rapeseed Purchasing

Fruits, Vegetables, and Nuts
15 Canned Fruit and Juice Prices in Hamburg
15 Record Supply of Cashews in India

Grains, Feeds, Pulses, and Seeds
12 Japan, Taiwan, Korea in 3-Way Rice Sales
12 Floods Reduce Mozambique's Rice Harvest
12 Austria's Rice Consumption Declining

Livestock and Meat Products
13 U.K. Lard Imports Up
13 USDA To Permit Japanese Meat Imports
14 Australian Meat Moves to the U.S.

Sugar, Fibers, and Tropical Products
12 Argentina Alters Sugar Regulations
13 EEC Green Coffee Imports Rise
13 Philippine Coffee Roastings Increasing
13 New Guinea's Cocoa Bean Exports Higher

Tobacco
11 Jamaica's Tobacco Imports at Record
11 Rhodesian Flue-Cured Prices Still Declining
11 Italian Tobacco Crop Up Sharply
11 Malayan Cigarette Output Rising